

The complaint

Mr J complains on behalf of his business J Ltd, that Bank of Scotland plc trading as Halifax has been unable to trace an account held by J Ltd and would like repayment of the balance.

What happened

Mr J said there was an old company account for which he holds a passbook that was only re-discovered when recently relocating offices. Mr J said the last transaction was in March 2001 and he fully expected the £4,000 funds to still be there. He contacted Halifax to withdraw the funds, to be told the account no longer exists and too much time has passed.

Mr J complained and Halifax said there are time limits for complaints that are set by the Financial Conduct Authority (FCA). And this means Halifax won't usually look into something that happened more than six years ago. Halifax said it appreciated that Mr J may not have known he had a complaint by then, so if he realised he had reason to complain at a later date, he needed to have told Halifax within three years of that time.

Mr J said Halifax has stated the rules incorrectly as he made contact and complained within a month of discovering the passbook. He said people may not access an account for many years, but the bank doesn't get to keep the funds. As Mr J was dissatisfied with Halifax's response he referred the complaint to our service. Halifax also said that Companies House shows that Mr J resigned from J Ltd, so may not be an eligible complainant. Our investigator said we can't consider the complaint as Mr J isn't an eligible complainant under the rules.

Mr J responded that he had been a director of J Ltd and he has been acting in this dispute with the full knowledge of the present directors, for whom he provided consent.

The investigator said we could now consider the complaint. She said an FCA rule states a complainant has six years from the event to bring a complaint. If they don't complain within six years they have three years from the date they knew, or ought to have known, they had reason to complain. She said J Ltd complained within three years of when it became aware of the issue, as it found the passbook and contacted Halifax in May 2024, so the event took place in May 2024 and the complaint about this has been raised in time.

The investigator considered the complaint and said it was not upheld. She said Halifax located an account which was closed on 5 September 2012. This was before its system migration. And as the old system finished in 2011 there is limited information including where the money was sent. She said Halifax hasn't located any open account linked to the closed account, which suggested the funds were withdrawn or transferred when it was closed.

The investigator thought that Halifax would have informed J Ltd if an account had remained open when the new system started, and new account information and statements would have continued. She would have expected J Ltd, as a business, to say if it hadn't received any statements for the account. She said Halifax isn't obligated to keep records indefinitely and so it is understandable that further information can't be located.

Mr J wasn't satisfied with this outcome and requested an ombudsman review the complaint. He said J Ltd hadn't closed the account and Halifax had no proof of this. He thought Halifax saw there was no activity and found it very convenient to close the account using the excuse of the system migration. He said this should be investigated because, *'it was probably a wholesale practice of tidying up (and holding people's money illegally), with no recourse'*.

Mr J disagreed that Halifax couldn't locate the account due to the migration as this happened in 2011 and the account supposedly closed in 2012 so it must have proof on its new system.

He said the passbook shows funds weren't withdrawn and he disagreed with the investigator that Halifax would have informed J Ltd if the account had moved to its new system. He said Halifax hasn't done everything it could have to locate the account.

Mr J said as a small firm it was possible for J Ltd to overlook things. He said Halifax is part of a scheme to enable money in dormant accounts (inactive for 15 years or more) to be distributed to the community, while protecting customers' rights to reclaim their money.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I was sorry to learn that the discovery of an old passbook has not led to the return of funds to J Ltd. I can see how important it is to Mr J to trace J Ltd's account and funds. We can't make our own search, and our role is limited to reviewing Halifax's actions to see if it has responded properly to J Ltd's complaint.

I have considered both parties points about whether our service can consider this complaint under the FCA rules – and I am satisfied it can, for the reasons given by the investigator. I have gone on to consider the merits of the complaint.

Although Halifax objected to the complaint it still attempted to locate J Ltd's account from the details provided but has been unsuccessful. I have looked at Halifax's records and can see a roll number for the account, but this was on its old system that hasn't operational since 2011. This shows that the account existed, and that it was closed in September 2012, but it doesn't confirm what happened to the funds in the account.

It is worth noting that banks generally close accounts after a set period when the balance reaches nil. But they don't close dormant accounts without extensive attempts to contact the account holder. It is unfortunate that Halifax's records do not state where the funds from J Ltd's account have gone due to the passage of time, but banks do not have to maintain account records indefinitely once an account has been closed. Halifax's records show closure was 12 years before Mr J's enquiry and that this took place *before* its system migration, which does not include the information about where the funds were paid.

Halifax confirmed it hasn't located any open or active account linked to the closed account, and there is nothing within its records to suggest otherwise. As I have said, Halifax's record of the account shows its closure with no record of any dormancy. I have no reason to believe that there has been any failing with Halifax's investigation of its records.

I'm sure Mr J is aware that passbooks are not, in themselves, evidence of funds. Transactions could occur which were not recorded on passbooks and passbooks can be lost and found at a later date, as with J Ltd. Account holders are entitled to access their money, so many organisations allowed withdrawals without passbooks or closed accounts without retrieving passbooks.

If J Ltd's account had remained open, Halifax said it would have provided extensive communication before migration with new sort codes and account numbers and would have continued to issue monthly or annual statements. Despite Mr J's scepticism on this point, I have seen plenty of evidence of this activity in other cases.

I have thought about what is most likely to have happened. Mr J said the account was for their coffee fund, *'and as we stopped the machines the account passbook got archived'*. It seems likely to me that when the coffee machines were no longer used, the account for this purpose would have fallen out of use and subsequently closed. The absence of any open or active account linked to the closed account, suggests the money was withdrawn or transferred at a date after the last recorded entry in the passbook when the account was closed.

Mr J said that in any event Halifax should pay the account. However, Mr J has brought the complaint to us and so the responsibility to 'prove' what he has said about the account rests with him. I can see that he doesn't accept the information Halifax has provided, but he has no information about the ongoing existence of the account or that the funds were unpaid.

I haven't found any evidence of illegal activity by Halifax with regard to dormant accounts. But if Mr J remains of the view that this has taken place, he can contact the relevant law enforcement authority.

In conclusion, due to the passage of time and changes to Halifax's systems we can't be sure what happened. However, I think Halifax has done enough to show that it is more likely than not the account was closed at some point following the last entry on the passbook.

Consequently, I don't think it would be fair to Halifax to require it to pay J Ltd funds that were once in its account. I think it's reasonable of Halifax not to have retained records from so long ago.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 5 June 2025.

Andrew Fraser
Ombudsman